
Finance Committee

HB 1159

Brief Description: Establishing local public works assistance funds.

Sponsors: Representatives B. Sullivan, Takko, Wallace, Conway, Sells, Haigh, Simpson and Moeller.

Brief Summary of Bill

- Authorizes counties to establish local public works assistance funds to fund qualifying local government public works projects located wholly or partially within the county.
- Authorizes counties, with approval by a supermajority public vote, to levy regular property taxes to capitalize the funds with moneys.
- Specifies lending and property tax requirements pertaining to the funds.

Hearing Date: 2/9/07

Staff: Mark Matteson (786-7145).

Background:

Public Works Trust Fund. The Public Works Assistance Account (PWAA), commonly known as the Public Works Trust Fund, was created by the Legislature in 1985 to provide a source of loan funds to assist local governments and special purpose districts with infrastructure projects.

The Public Works Board (Board), within the Department of Community, Trade, and Economic Development (CTED), is authorized to make low-interest or interest-free loans from the account to finance the repair, replacement, or improvement of the following public works systems: bridges, roads, water and sewage systems, and solid waste and recycling facilities. All local governments except port districts and school districts are eligible to receive loans. The account receives dedicated revenue from: utility and sales taxes on water, sewer service, and garbage collection; a portion of the real estate excise tax; and loan repayments.

There is no specific authorization for a municipal level public works assistance program.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Regular Property Taxes - Limitations. The constitution limits the sum of property tax rates to a maximum of 1 percent of true and fair value, or \$10 per \$1,000 of value. Levies that are subject to the 1 percent rate limitation are known as "regular" levies, and there is no constitutional voting requirement for regular levies. The constitution does provide a procedure for voter approval for tax rates that exceed the 1 percent limit. These taxes are called "excess" levies. The most common excess levies are maintenance and operation levies for school districts and bond retirement levies. The constitution provides that excess levies must be approved by at least 60 percent of those voting.

In order to implement the 1 percent constitutional rate limit, the Legislature has adopted statutory rate limits for each individual type of district. The state levy rate is limited to \$3.60 per \$1,000 of assessed value; county general levies are limited to \$1.80 per thousand; county road levies are limited to \$2.25 per thousand; and city levies are limited to \$3.375 per thousand. These districts are known as "senior" districts. Junior districts like fire, library, and hospital districts each have specific rate limits as well.

In addition, there is an overall rate limit of \$5.90 per thousand for most districts. The state property tax and a specific list of local levies, such as emergency medical services, conservation futures, and affordable housing, are not subject to the \$5.90 limit. There is a complex system of prorating the various levies so that the total rate for local levies does not exceed \$5.90. If the total rate exceeds \$10 after prorating under the \$5.90 aggregate rate limit then another prorating procedure reduces levy rates so that the total rate is below \$10 per \$1,000 of value.

Summary of Bill:

County legislative authorities can establish local public works assistance funds for the purpose of funding public works projects located wholly or partially within the county. Such projects include the planning, acquisition, construction, repair, and other improvement to streets, bridges, water systems, storm and sanitary systems, and solid waste facilities.

To capitalize a fund, a county may levy an additional regular levy of 15 cents per \$1,000 of assessed value of property. This levy authority is in addition to the \$1.80 authority for counties and is outside the \$5.90 aggregate rate limitation that applies to most junior and senior districts. The levy is subject to prorating before all other levies if the combined rate of all regular levies exceeds \$10 per thousand dollars of assessed value. A county may not levy an amount that is more than \$100 million. The levy may be imposed for up to six consecutive years or else permanently. Any levy must be approved at a general or special election by at least 60 percent of the persons voting.

No more than 50 percent of the moneys in the fund may be loaned to the county. At least 25 percent of the moneys expected to be received by the fund must be made available for loans to cities and towns. A maximum of 1 percent of the fund's average annual balance may be used for administration.

Counties must consult with cities and towns within the county in making loans to local governments. Counties may set the terms of the loan as deemed necessary for administration. Money received from local governments in repayment of loans must be deposited to the public works assistance fund.

Counties must establish a prioritization process for funding projects. The development of the process must be completed collaboratively with public works directors of local governments in the county. The prioritization process must be revised periodically.

The prioritization process must give priority to projects that address public health needs or substantial environmental degradation. Other factors that must be considered in prioritizing projects include: whether severe fiscal distress has resulted from natural disasters; whether the project would affect the health and safety of a significant population; the relative cost of the project; the number of communities that would be served by the project; whether the project addresses a public water system that is in violation of health and safety standards; and other criteria as deemed appropriate.

Local governments must apply to the county for loans. The government must demonstrate that it is utilizing all local funding sources that are reasonably available for public works projects; that it is in compliance with Growth Management Act (GMA) requirements; and that the proposed project is consistent with applicable capital facilities plans adopted under GMA.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.